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SUBJECT: (U) SECRETARY RICE'S OCTOBER 4, 2008 CONVERSATION
WITH INDIAN EXTERNAL AFFAIRS MINISTER PRANAB MUKHERJEE

¶1. (U) Classified by: Paul Wohlers, Deputy Executive
Secretary, S/ES, Department of State, Reason 1.4 (d).

¶2. (U) October 4, 2008: 3:30 p.m.; New Delhi, India.

¶3. (U) Participants:

U.S.
The Secretary
Ambassador David Mulford
SCA Affairs Assistant Secretary Richard Boucher
PA Assistant Secretary Sean McCormack
Joint Chiefs of Staff Lt. General William Fraser
National Security Council Senior Director Mark Webber
Chief of Staff Brian Gunderson
Les Viguerie (Notetaker)

India
External Affairs Minister Pranab Mukherjee
National Security Adviser M.K. Narayanan
Foreign Secretary Shiv Shankar Menon
Special Envoy to the Prime Minister Shyam Saran
Ambassador Ronen Sen
Adviser to the Foreign Minister Omita Paul
Ministry of External Affairs Joint Secretary Gaitri Kumar

¶4. (C) Summary: Secretary Rice and External Affairs
Minister Mukherjee acknowledged the deepening of U.S.-
Indian relations as reflected in congressional approval of
the Civil Nuclear Initiative. They discussed Pakistan and
Afghanistan, India's relations with China, Iran, and
Burma, and defense cooperation. End Summary.

CIVIL NUCLEAR AGREEMENT

¶5. (C) Mukherjee expressed his satisfaction with
congressional approval of the Civil Nuclear Agreement
between the United States and India and appreciated the
critical role played by the President and Secretary in
securing passage. He said the Agreement symbolized the
transformation of bilateral ties that had begun seven
years ago. Mukherjee noted that conclusion of the
Agreement opened a new chapter in the relationship. He
looked forward to further deepening of cooperation so that
India and the United States could work together
internationally to address new global challenges. In his
view, congressional support for the Agreement was a
bipartisan vote in favor of stronger ties, which would
carry forward in the future. The Secretary agreed that
the large bipartisan majorities in both houses of Congress
in favor of the Agreement were a welcome sign. She said
that the President would soon sign the legislation

approving the Agreement, and she hoped that arrangements could then be made quickly to have a bilateral signing ceremony.

AFGHANISTAN AND PAKISTAN

¶16. (C) Observing that India lived in a dangerous neighborhood, Mukherjee urged greater U.S. coordination with India on instability in Afghanistan and Pakistan. He said India cannot isolate itself from growing violence and extremism in Pakistan. India shares U.S. goals to strengthen democratic forces in Pakistan; while the United States and India may approach this in different ways, tighter coordination would aid both efforts. Mukherjee offered his assessment that the Pakistani Army and intelligence service were part of the problem and that, while Pakistan's civilian leadership recognized this, they were unable to do much to rein in competing power centers. He was skeptical that the change in the leadership of Pakistan's Inter-Services Intelligence (ISI) Directorate would lead to change. Meanwhile, India had growing concerns about extremist organizations in Pakistan, particularly the Jaamat ud-Dawa, and India sought to have the organization listed as a terrorist organization by the UN Security Council.

¶17. (C) Turning to Afghanistan, Mukherjee said that the security situation had been deteriorating for some time and that matters had taken a turn for the worse in the last six months. He stressed that India was worried that, as Afghanistan approached its elections, there would be a "politically fluid" situation. In his view, carrying out peaceful elections would pose a major challenge to security forces. The Secretary noted that the United States was carrying out an across-the-board review of its efforts in Afghanistan to determine the right strategy to support stabilization and reconstruction. One key component of this strategy would be the strengthening of the Afghan Army. The United States was looking at ways to fund this effort. Noting India's generous contributions to Afghan reconstruction, the Secretary said any Indian support for Afghan security forces would be appreciated. Mukherjee noted Indian financial support of Afghan reconstruction efforts, but said India had not provided security forces for Afghanistan because of Pakistani sensitivities.

¶18. (C) The Secretary underlined U.S. concerns about the rise in extremism in Pakistan. She noted that Pakistan's security problems were in part due to militants in the North West Frontier Province and the Federally Administered Tribal Areas. Militancy there was affecting the rest of Pakistan. She said the Pakistanis understood this and were trying to increase their capacity to fight militants in tribal areas. The Secretary said the United States was gaining confidence in Pakistan Chief of Army Staff Ashfaq Kayani. She hoped that Pakistani political forces were coalescing around President Zardari, who also faced a difficult economic situation. The Secretary noted Indian concerns about violence in Jammu and Kashmir and firings across the Line of Control. She stressed U.S. interest in continued good relations between India and Pakistan. She also encouraged Indian efforts to reach out to the new government and urged continuation of the various dialogues.

¶19. (C) Mukherjee stressed India's interest in helping the Zardari government as well as Pakistani civil society. He noted that it was easier for India if either the military or civilians were in charge in Islamabad, but that now it was difficult to tell who had power, asking rhetorically whether the current political leaders "can deliver the goods." He underlined that India would continue its Composite Dialogue with Pakistan. Mukherjee pointed to increased people-to-people contacts and steps like the planned mid-October opening of cross-border trade

as long-term solutions to tensions, but noted that terrorist attacks in India undercut public support for better relations with Pakistan.

CHINA

¶10. (C) Responding to the Secretary's question about Indo-China relations, Mukherjee said India had been disappointed in the most recent round of talks between National Security Adviser Narayanan and his Chinese counterpart over border disputes. He charged that China had gone back on prior understandings about the border between Sikkim and Tibet. Mukherjee added that India had not received a satisfactory explanation for China's behind-the-scenes support to Nuclear Suppliers Group members who had opposed granting India an exception. While noting India's economic and trade ties with China were booming, Mukherjee pointed to China's long-standing relations with Pakistan and renewed interest in Bangladesh as examples of China seeking leverage in the region. He said it was difficult to understand or explain China's interest in the Bay of Bengal and that these "signals" were not consistent with the "strategic and cooperative partnership" between India and China.

IRAN

¶11. (C) The Secretary warned that differences between the international community and Iran over its nuclear program were getting worse, pointing to Tehran's lack of cooperation with the International Atomic Energy Agency (IAEA) and its failure to address questions about its program. She said that major banks and companies were leaving Iran and that further sanctions were likely. Mukherjee reiterated India's position that Iran had a right to pursue peaceful uses of nuclear power, but that it also had a responsibility as a Non-Proliferation Treaty signatory to address IAEA concerns about its nuclear program. He questioned the efficacy of sanctions without Russian and Chinese support, but said that India would try to persuade Iran to respond to international concerns. The Secretary noted that Iran was already feeling the effects of sanctions and that continued pressure and increased isolation could lead Iran's next leaders to be more reasonable than Ahmadinejad.

BURMA

¶12. (C) Mukherjee defended India's ties with Burma, saying that India wanted to prevent China from achieving overwhelming influence there. He said India continued to press the Burmese leadership to enact political reforms and take into account all stakeholders and claimed that India had facilitated contacts between the UN and Burma. He noted India's long border with Burma meant Burma could make trouble for India through support of separatists in northeastern India. The Secretary urged India to continue to press the Burmese government and noted that India could face even bigger problems, given the instability created by Burma's military rulers.

UN SECURITY COUNCIL REFORM

¶13. (C) Mukherjee made a pitch for a permanent seat for India in the UN Security Council, noting that there was a growing appreciation among UN members for India's capacity to serve on the Council. He argued that membership on the Council should reflect today's realities and asked for U.S. support as India moved forward. The Secretary agreed that India had a good case to make as a democracy and a

global power, but noted that reforming the Council would be hard because there was some resistance to every potential new permanent member.

DEFENSE COOPERATION

¶14. (C) Mukherjee noted that bilateral ties were expanding in a broad range of fields, but singled out defense cooperation as particularly promising. He noted the scale and frequency of military exercises had increased and that India was interested in joint research and development, co-development, and co-production of military equipment. Mukherjee passed to the Secretary a proposal to resolve the question of End Use Monitoring for military systems with sensitive U.S. technologies and said he hoped there could soon be an agreement on this issue. He also hoped for early agreement on a logistics support agreement to facilitate joint military exercises and a communications agreement to foster military interoperability.

RICE